

- * The regulation includes an effort to maintain confidentiality of reported information. The Council recommended that this proposed procedure be strengthened to include a confidential clearance for those chemicals which form the basis of a firm's technology and are not sold commercially. Under the Council's proposal, competitive firms would not have access to this category of information.
- * The Act requires that EPA undertake a premarket clearance process before new chemicals can be sold. In response to this mandate, EPA has proposed that it publish a detailed description of the new chemical along with the premarket notice in the Federal Register. The Council pointed out that in certain cases this procedure would constitute early disclosure and thus limit the patentability of the chemical. They suggested instead that EPA alter its premarket notification procedure so that a patent could be applied for after a confidential EPA review but before public notification in the Federal Register.
- * EPA's proposed regulation allows exemption from the inventory requirements from small quantities of chemicals used in research and development. The Council suggested that this exemption be expanded to include chemicals tested under strict controls in user plants.

A copy of the Council's filing is attached.

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FOR IMMEDIATE RELEASE

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COUNCIL SAYS EPA RULING WOULD IMPACT
ON CHEMICAL RESEARCH AND DEVELOPMENT

The Council on Wage and Price Stability today expressed concern over the impact on chemical research and development of the Environmental Protection Agency's (EPA) proposed chemical inventory requirements.

The requirements, authorized by the Toxic Substance Control Act (PL 94-496), establish procedures for collecting information from manufacturers and producers of chemicals. The Act also requires EPA testing and screening of chemical products before they are marketed.

In its filing, the Council recognized the importance of achieving the objectives to which these regulations are addressed, and supported efforts by EPA to lessen the risk of hazardous exposure to chemical substances. However, the Council noted that the reporting rules as now drafted may lead to untimely disclosure of trade secrets, and might foreclose firms from securing foreign patents. These results would reduce incentives for research by U.S. firms and possibly shift the advantage for new product development to foreign countries.

Under EPA's proposal, chemical processing and manufacturing firms would be required to submit detailed data on chemicals which could include proprietary information that forms the basis of trade secrets and potential patents. Although EPA estimated that the administrative costs of preparing the lists would be \$5 million annually, they recognized but did not estimate the long-run costs that could result from reduced incentives for research.

The Council focused its comments on these long-run costs and suggested three modifications to EPA's proposal which would permit the Act's objectives to be met and still not adversely affect research and development of new chemical products. The Council raised the following points:

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